

TABLE OF CONTENTS

INTRODUCTION	1
SCOPE	1
EXECUTIVE SUMMARY	2
DISTRICT OFFICE RESPONSE	2
FINDINGS AND RECOMMENDATIONS	
<u>CIMS/ASSIST SECURITY</u>	
CIMS Security Agreements	2-3
ASSIST Enrollment Profiles	3
Security Officers Log Report (VB9-173)	3-4
<u>Safe and Controlled Documents</u>	
Controlled Document Log and Monthly Inventory Reconciliation	4
<u>Procurement Card</u>	
Central File not Maintained	4-5
<u>Payroll and Timekeeping</u>	
Reconciliation of HR-332A(B) Turnaround Report	5
Independent File for the Certified HR-332A Report	5-6
Missing Payroll Information	6
<u>Direct Support Services</u>	
Missing Documentation	6-7
<u>Refugee Assistance</u>	
Missing Documentation	7
<u>Child Day Care</u>	
Missing Documentation	8

INTRODUCTION

The Office of Internal Audit performed an audit of Hamtramck District, Wayne County DHS for the period January 1, 2005 through March 16, 2006. The objective of our audit was to determine if internal controls in place at the local office provide reasonable assurance that departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of the Department of Human Services (DHS) are being followed. Hamtramck District had 56.5 full time equated positions (FTE's) at the time of our review. Hamtramck District provided assistance to an average 13,060 recipients per month in FY 2005, with total assistance payments of \$21,207,412 for the fiscal year.

SCOPE

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, and accordingly, included the audit tests we deemed necessary under the circumstances. We obtained descriptions of significant systems operating at Hamtramck District, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. Our audit included the following:

Cash Receipts	Cash Disbursements
Safe and Controlled Documents	State Emergency Relief (SER)
Direct Support Services	Client Processing
CIMS/ASSIST	Refugee Assistance Case Review
Payroll and Timekeeping	Procurement Card
Day Care Case Review	

EXECUTIVE SUMMARY

Based on our audit, we conclude that Hamtramck District internal controls are generally adequate to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization. Our audit disclosed no instances of noncompliance with control procedures for Cash Receipts, Cash Disbursements, State Emergency Relief, or Client Intake Processing. We found a few instances of noncompliance with DHS policies and procedures and weaknesses in internal controls in other areas, which are detailed below.

DISTRICT OFFICE RESPONSE

The management of the Hamtramck District Office has reviewed all findings and recommendations included in this report. They indicated in a memo dated April 25, 2006 that they are in general agreement with the report and have implemented corrective action for all items.

FINDINGS AND RECOMMENDATIONS

CIMS/ASSIST/ Security

CIMS Security Agreements

1. The Hamtramck District did not have accurate, up-to-date CIMS Security Agreements (DHS-3974A) on file for 2 out of 57 employees who access the Client Information Management System (CIMS), as required by L-Letter 97-063. Two employees had a status code indicated on the DHS-3974A that did not agree with the current status code listed on the Operator Identification Report (PF-011).

WE RECOMMEND that the Hamtramck District ensure that all employees who have access to CIMS have an accurate, up-to-date Security Agreement on file.

NOTE: Corrective Action taken. New agreements have been prepared.

ASSIST Enrollment Profiles

2. The Hamtramck District did not have accurate, up-to-date ASSIST Enrollment Profiles (DHS-3720) on file as required by L-Letter 97-156. Eight out of 49 employees had different job types listed on the VB9-554 report than what is recorded on the Enrollment Profile.

WE RECOMMEND that the Hamtramck District ensure that accurate, up-to-date Enrollment Profiles (DHS-3720's) are on file for all employees who have access to ASSIST.

NOTE: Corrective Action taken. Enrollment Profiles now reflect the proper job types for the employees.

Security Officers Log Report (VB9-173)

3. The Hamtramck District did not properly reconcile the ASSIST Security Officer's Log Reports. The Security Coordinator was receiving the ASSIST Security Log (VB9-173), and not forwarding it to the Security Officer. Also, the Security Officer was not reconciling the reports to the updated Security Agreements/Enrollment Profiles. The Primary Internal Control Criteria for DHS Local/District Offices recommends that the Security Officer receive these reports directly for reconciliation purposes.

WE RECOMMEND that the Hamtramck District Security Coordinator forward the ASSIST Security Officers Report to the Security Officer for reconciliation.

NOTE: Corrective Action Taken. The Security Officer now reviews the ASSIST Security Log and verifies that a new enrollment profile or agreement is prepared as needed. The security officer initials and dates the report as of the review date.

Safe and Controlled Documents

Controlled Document Log and Monthly Inventory Reconciliation

4. The Hamtramck District did not prepare the Controlled Document Log (DHS-4070) and Monthly Controlled Document and Inventory Reconciliation (DHS-4351) for Bus Tickets and Transfers. Accounting Manual Item 403 states that the local office must maintain a separate log for each negotiable document and must perform a monthly inventory and reconciliation for each document.

WE RECOMMEND that Hamtramck District prepare and maintain inventory records for all bus tickets and transfers.

NOTE: Corrective action taken while the auditor was on site. The obsolete bus tickets and transfers were destroyed.

Procurement Card

Central File Not Maintained

5. The Hamtramck District did not maintain a central file for procurement card purchases as required by the Primary Internal Control Criteria for Local/District Offices. Instead, the district maintains separate procurement card purchase files for each cardholder. Maintaining a central file of all purchases made at the District would ensure items purchased were recorded on the report and appropriately accounted for.

WE RECOMMEND that the Hamtramck District maintain a central file of all procurement card purchases to improve controls over the purchases.

NOTE: Corrective Action Taken. A central file is now being maintained for procurement card purchases.

Payroll and Timekeeping

Reconciliation of HR-332A (B) Turnaround Report

6. Hamtramck District did not reconcile the turnaround HR-332A to the original HR-332A report a week after payroll was run. The Primary Internal Control Criteria for Local/District Office Operations recommends that the local office reconcile the turnaround report to verify that the actual time reported agrees with the time that was originally submitted.

WE RECOMMEND that the Hamtramck District reconcile the turnaround HR-332A report to the original HR-332A report.

NOTE: Corrective Action Taken. The District has designated a person independent of timekeeper and certifier to reconcile the payroll. Staff has been informed.

Independent File for the Certified HR-332A Report

7. The Hamtramck District timekeeper maintains the timesheets and HR-332A reports. The Primary Internal Control Criteria for Local/District Office Operations recommends that the district office have someone other than the timekeeper retain the HR-332A report.

WE RECOMMEND that the Hamtramck District have someone other than the timekeeper maintain the timesheets and HR-332A report until the payroll is reconciled to the turnaround HR-332A.

NOTE: Corrective Action Taken. An independent person is keeping the HR-332A report until the reconciliation has been completed.

Missing Payroll Information

8. The Hamtramck District had 5 time sheets not signed by the employee or supervisor and one time sheet showed the regular hours were less than the hours reported on the HR-332A report. The Primary Internal Control Criteria recommends that the employee accurately complete the biweekly timesheet and the supervisor approve it, attesting to the accuracy of the time.

WE RECOMMEND that the Hamtramck District timekeeper ensure that reported hours are accurately recorded, and all timesheets are signed and dated by the employee and supervisor.

NOTE: Corrective Action Taken. The district will identify and resolve these issues during the reconciliation of the turnaround HR-332A report.

Direct Support Services

Missing Documentation

9. The Hamtramck District did not have complete information for six out of the 8 cases reviewed for Direct Supportive Services. One case did not have a copy of the invoice for a vehicle repair and six cases were missing the Support Services/Determination Form, DHS-4749. Program Eligibility Manual Item 232

states an invoice and a DHS-4749 must be completed before payment can be authorized.

WE RECOMMEND that Hamtramck District obtain appropriate case file documentation to support all Direct Support Services for vehicle repairs and purchases.

Refugee Assistance

Missing Documentation

10. The Hamtramck District did not have complete information for 7 out of the 10 cases reviewed for Refugee Assistance. Three cases were missing the Immigration Naturalization Services I-94 form and seven cases were missing the DHS-940, Refugee Reporting Form. In one case the customer was coded as a refugee but entered the U.S. with an alien status. Program Eligibility Manual Item 630 states that the case documentation for refugees must include the INS form (I-94) and the Refugee Reporting Form (DHS-940). The worker must prepare the DHS-940 form at case opening, reopening and when adding a member. The worker also must forward a copy to the Refugee Assistance Program Office.

WE RECOMMEND that Hamtramck District obtain and maintain a copy of the I-94 and DHS-940 form in the client's permanent case record.

WE FURTHER RECOMMEND the worker prepare and forward the DHS-940 form to register the refugees with the Refugee Assistance Program Office.

Child Day Care-Case Review

Missing Case Documentation

11. The Hamtramck District did not have complete case information for 7 out of the 14 child day care cases reviewed. Two cases were missing a Child Development and Care Application (DHS-4583), five cases were missing a copy of the provider's Social Security Card, and five cases were missing the Model Payment Provider Enrollment Request (DHS-2351X). Program Administrative Manual (PAM) 300 requires that the day care provider file include a copy of a valid social security card and a Model Payment Provider Enrollment Request.

WE RECOMMEND that the Hamtramck District maintain a separate provider file that includes the required forms.